Government of Saskatchewan

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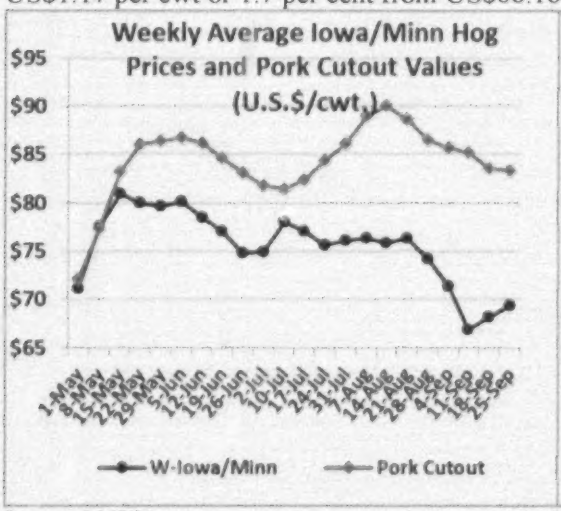
Weekly Hog Report

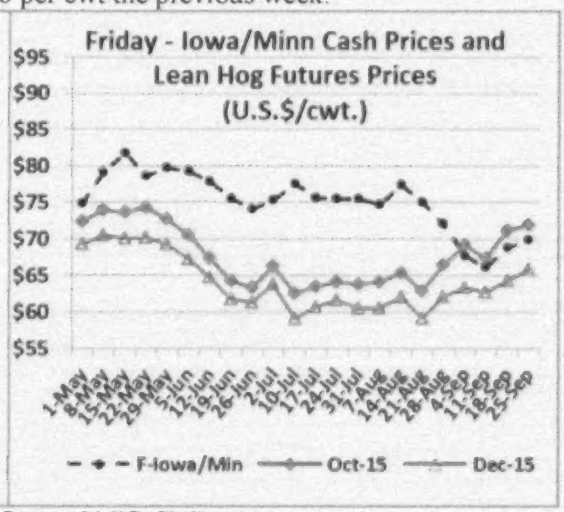
September 28, 2015

Cash Slaughter Weight Hog Prices

United States daily average cash hog prices (Iowa/Minn) were overall steady last week and managed to edge higher, week-over-week. Hog prices on Friday September 25 averaged US$69.90 per cwt, up US$1.15 per cwt or 1.7 per cent from US$68.75 per cwt the previous Friday. The negotiated base price last week averaged US$69.35 per cwt, up US$1.17 per cwt or 1.7 per cent from US$68.18 per cwt the previous week.



Source: LMIC



Source: LMIC, CME

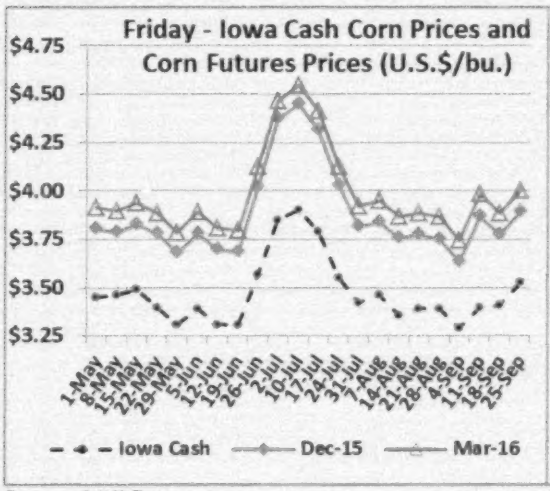
In Canada, the Signature#3 (Maple Leaf) Index 100 daily price for Friday Sept. 25, 2015 was $170.50 per ckg, up $5.01 per ckg or 3.0 per cent from $165.49 per ckg the previous Friday. Signature#3 weekly prices (Friday to Thursday) averaged $167.56 per ckg, up $4.15 per ckg or 2.5 per cent from the previous weeks' average price of $163.41 per ckg. The Canadian dollar edged 0.35 cents lower last week to close Friday at 75.10 cents; down from the previous Friday's close of 75.45 cents.

Futures Markets

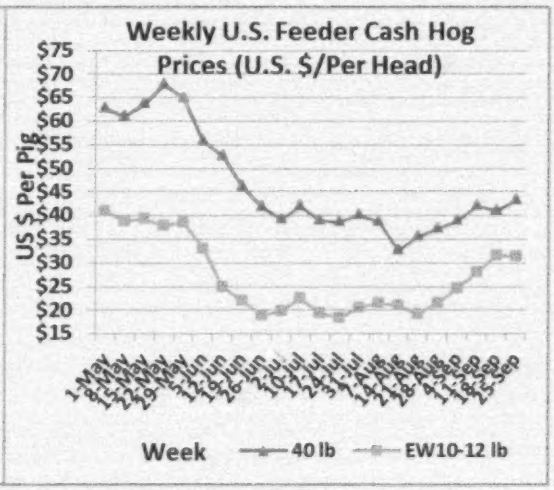
Lean hog futures daily prices were mixed over the week but mostly higher to end the week higher, week-over-week. The nearby October contract increased US$0.825 per cwt to settle Friday at US$71.875 per cwt, while the December contract increased US$1.625 per cwt to settle Friday at US$65.775 per cwt. Current cash hog prices are below the October lean hog contract, but over $4 per cwt higher than the December futures contract. While pork cutout values were lower over the week current pork cutout values continue to provide good packer margins and support hog prices.

Cash Feeder Hog Prices

North American (Iowa) iso-wean (10-12lb) cash hog prices and feeder (40lb) cash hog prices were mixed last week. Weighted average cash prices for iso-weans (12lb) last week were slightly lower at US$31.32 per head, down US$0.37 per head from US$31.69 per head the previous week. Feeders (40lb) were US$43.23 per head, up $2.18 per head from US$41.05 per head the previous week.



Source: LMIC



Source: Iowa Agriculture, CME

Iowa cash corn prices were higher week-over-week increasing 12 cents to settle on Friday at US$3.53 per bushel. Corn futures prices were also higher over the week. The December corn futures contract increased almost 12 cents over the week to settle Friday at $3.89 per bushel, and the March 2016 corn contract also increased almost 12 cents to settle Friday at US$4.00¼ per bushel.

Hogs Slaughtered

U.S. hogs slaughtered under federal inspection for the week ending September 26 were estimated at 2.276 million head, down slightly from 2.278 million head the previous week, but up 8.9 per cent from 2.090 million head the same week a year ago. U.S. hogs slaughtered over the last four weeks ending September 26 averaged 2.196 million head per week, up 10.3 per cent from 1.991 million head over the same period a year ago.

In Canada, federal and provincial hog slaughter numbers for the week ending Sept. 19, 2015 were estimated at 426,094 head, up 25.0 per cent from 340,750 head the previous shorter Labor Day week, and up 3.2 per cent from 412,817 head the same week a year ago. Canadian hogs slaughtered over the last four weeks ending September 19, 2015, were estimated to average 392,923 head, up 0.4 per cent from 391,468 head over the same period a year ago. Year-over-year, Canadian hogs slaughtered are up 2.7 per cent, at 15.123 million head.

Meat Production

U.S. pork production for the week ending September 26, 2015 was estimated at 475.3 million lb., up slightly from 475.0 million lb. the previous week, and up 6.9 per cent from 444.8 million lb. the same week a year ago. Pork production over the last four weeks

ending September 26 was estimated to average 457.6 million lb., up 8.3 per cent from 422.4 million lb. over the same four week period a year ago.

U.S. beef production for the week ending September 26 was estimated at 482.9 million lb., steady from 482.8 million lb. the previous week, and up 2.6 per cent from 470.6 million lb. the same week a year ago.

Combined production of U.S. beef, pork, chicken and turkey over the four weeks ending Sept. 19, 2015, was estimated to average 2.013 billion lb., up 4.1 per cent from 1.934 billion lb. over the same four weeks a year ago. Year-to-date, total U.S. meat production for 2015 is estimated to be up 3.8 per cent compared to the same period in 2014.

United States Weekly Meat Production

(Sept. 19) Four Week Average - Million Lb.			Percent Change	
	2014	2015	4 Week	YTD 2015
Pork	416.1	455.8	9.6%	7.9%
Beef	464.2	459.8	-0.9%	-3.8%
Chicken	925.9	985.2	6.4%	6.8%
Turkey	127.9	112.4	-12.1%	-3.7%
Total	**1,934.0**	**2,013.2**	**4.09%**	**3.76%**

Source: LMIC

Cutout Values

U.S. pork cutout values for the week ending September 26, 2015 averaged US$83.23 per cwt, down only 0.4 per cent from US$83.53 per cwt the previous week, but down 29.2 per cent from US$117.48 per cwt from a year ago. Seasonally, pork cutout values typically trend lower into the fourth quarter with larger pork supplies. Pork cutout values the last few weeks have held relatively steady compared to beef and chicken cutouts.

Choice beef cutout prices (600-900 lb.) averaged US$218.66 per cwt last week, down US$13.11 per cwt or 5.7 per cent from US$231.77 per cwt the previous week, and down 8.7 per cent from US$239.62 per cwt the same week a year ago.

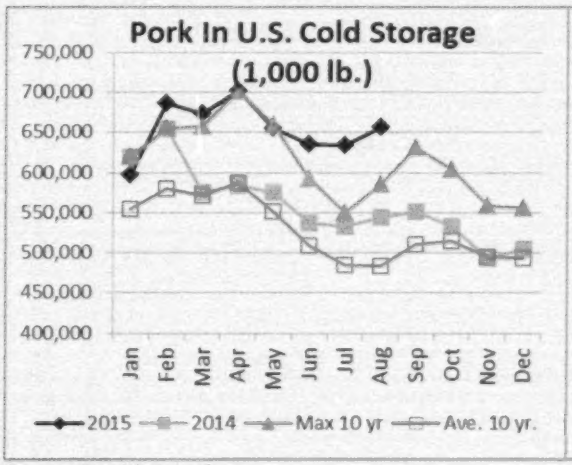
Average chicken cutout values (Northeast breast) for the week ending September 26, 2015 averaged US$124.55 per cwt, down US$5.73 per cwt or 4.4 per cent from US$130.28 per cwt the previous week, and down 35.2 per cent from US$192.33 per cwt the same week a year ago.

Meat In U.S. Cold Storage

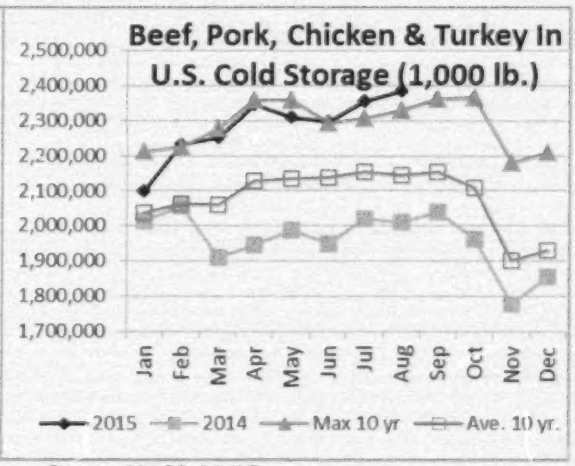
USDA released the latest U.S. cold storage numbers on September 22. The United States' pork stocks in cold storage totaled 656.3 million lb. on August 31, 2015, up 3.6 per cent from 633.2 million lb. on July 31, 2015, and up 20.7 per cent from 543.7 million lb. a year ago. Hams and ribs in cold storage are significantly higher than year ago levels, while bellies are lower. U.S. pork stocks in cold storage are above the average historical and maximum levels (last 10 yr.) for August, and currently in the upper end of historical inventory levels.

The United States' beef stocks in cold storage totaled 470.4 million lb. on August 31, 2015, up 2.4 per cent from 459.5 million lb. on July 31, 2015, and up 35.7 per cent from 346.6 million lb. on August 31, 2014. U.S. beef stocks in cold storage are above the average historical levels and close to the maximum (10 yr.) levels for August.

United States combined pork, beef, chicken and turkey stocks in cold storage totaled 2.385 billion lb. on August 31, 2015, up 1.3 per cent from 2.353 billion lb. on July 31, 2015, and up 18.6 per cent from 2.011 billion lb. on August 31, 2014. Total U.S. meat in cold storage for August 2015 was above the maximum storage level for August and just over the maximum total level over the last ten years.



Source: NASS, LMIC



Source: NASS, LMIC

USDA Hogs and Pigs Report

USDA released the September *Hogs and Pigs Report* on September 25, 2015. Total U.S. hog inventory numbers as of September 1, 2015, was estimated at a record high of 68.395 million head, up 3.7 per cent from 65.979 million head on September 1, 2014, and up 2.2 per cent from 66.900 million head as of June 1, 2015. The previous record total hog inventory number was 68.196 million head on September 1, 2008. (Source: USDA) Total annual inventory increases were slightly higher than the average 3.6 per cent increase estimated by the trade analysts.

Breeding herd inventory numbers in the United States as of September 1, 2015, was estimated at 5.986 million head, up 1.1 per cent from 5.920 million head on September 1, 2014, and up 1.0 per cent from 5.926 million head on June 1, 2015. Trade analysts had estimated for only a 0.3 per cent increase in the breeding herd, year-over-year.

Market herd inventory numbers in the United States as of September 1, 2015, was estimated at a record 62.410 million head, up 3.9 per cent from 60.059 million head on September 1, 2014, and up 2.35 per cent from 60.975 million head from June 1, 2015. Market inventory numbers passed the last record high numbers of 62.244 million head on Sept. 1, 2012. Trade analysts were also estimating market inventory numbers to increase by 3.9 per cent, year-over-year. The largest annual increase came in the over 180 lb. weight category which increased 9.5 per cent from September 2014, slightly lower than

average trade estimates. The 120-179 lb. weight category had an annual increase of 8.0 per cent while average trade estimates were only estimating a 6.6 per cent increase.

United States Hog Inventory Numbers, (1,000 head)

	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	June-Sept	Y/Y(Sept)
All Hogs & Pigs	61,494	61,568	65,979	67,776	67,399	66,900	68,395	**2.23%**	**3.66%**
Kept for breeding	5,851	5,855	5,920	5,939	5,982	5,926	5,986	**1.01%**	**1.11%**
Market	55,643	55,713	60,059	61,838	61,418	60,975	62,410	**2.35%**	**3.91%**
Market Hogs									
Under 50 lbs	17,336	18,254	20,390	19,801	19,454	19,455	20,291	**4.30%**	**-0.49%**
50-119 lbs	15,487	15,801	17,458	17,366	17,129	17,181	17,986	**4.69%**	**3.02%**
120-179 lbs	12,538	11,491	12,112	13,000	13,580	12,910	13,080	**1.32%**	**7.99%**
180 lbs & Over	10,281	10,166	10,098	11,671	11,255	11,429	11,053	**-3.29%**	**9.46%**

Source: Sept 25, 2015 USDA Hogs & Pigs Report

Sow farrowing numbers for the June-to-August 2015 period totaled 2.944 million head, a 1.6 per cent decline from 2.991 million head the same quarter a year ago, but one per cent higher from the earlier June estimates. The U.S. sow farrowing intentions for the Sept.-to-November 2015 period were estimated at 2.920 million head, down 2.5 per cent from 2.994 million head the same quarter a year ago. Farrowing intentions for the December-to-February 2016 period are estimated at 2.875 million head, a decline of 0.7 per cent from 2.895 million head the same quarter a year ago. Trade estimates were estimating a larger decline of 1.9 per cent in farrowing numbers for the third quarter and 2.8 per cent for the fourth quarter of 2015. Trade estimates were estimating sow farrowing numbers to decline 0.9 per cent for the December-to-February 2016 quarter, while USDA's farrowing intentions project a slightly smaller decline of 0.7 per cent. USDA estimated the June-to-August 2015 pig crop at 30.585 million head, a 0.6 per cent increase from the same quarter in 2014, but slightly higher than trade estimates of a 0.4 per cent increase. Inventory and production numbers were overall slightly higher than trade analyst estimates and markets will likely view as neutral to slightly bearish.

United States, Sows Farrowing and Intentions, Pigs Born

Quarterly Sows Farrowing and Intentions				Quarterly Pigs Born		
	Thousand Head			Thousand Head		
Quarter	**2014**	**2015**	**2016**	**2013**	**2014**	**2015**
Dec - Feb (1)	2,763	2,895	2,875 (2)	28,099	26,326	29,630
Mar - May	2,810	2,850		28,921	27,495	29,563
June - Aug	2,991	2,944		29,862	30,402	30,585
Sept - Nov	2,994	2,920 (2)		28,253	30,633	
TOTAL	**11,558**	**11,525**		**115,135**	**114,856**	

(1) December preceeding year.
(2) Farrowing Intentions.
Source: USDA Hogs and Pigs Report, September 25, 2015

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